

Statement of Integrity					
Client	:	WAL-MART	Audit Date	:	December 03, 2011
Vendor	:	NTD Apparel INC	Auditors	:	Z. Nabi
Factory	:	Tazreen Fashions Limited			A. Hossen
Location	:	Monosontapur, Nigehintapur, Ashulia, Savar, Dhaka.			S. Amin

STR Responsible Sourcing, a Specialized Technology Resources company, is proud to use professional staff with the highest standard of integrity to provide audit and inspection services for our clients.

The Code of Business Ethics (Code) and our Code of Conduct for Field Personnel establishes the standards of ethical business behavior and personal conduct for the officers, employees, directors, auditors and consultants of STR RS. Instilling in each of our employees the highest standards of ethics and integrity is fundamental to our continued success. The intent of this Code is to safeguard the Company's tradition of strong moral and ethical standards of conduct. STR RS expects each employee to comply with all company policies and local laws and to adhere to the principles outline in the code.

- It is STR RS policy that all field personnel are prohibited from receiving or soliciting a bribe, gift, entertainment, favor or gratuity of any sort.
- It is not permissible to accept any gift of any product manufactured in the factory where the field personnel are providing a service.
- It is never permissible for field personnel to ask for or accept a gift from a factory, a vendor or any other person associated with them. In this context, "a gift" includes items with monetary value such as merchandise, tickets vouchers, hotel accommodations, after business-hours meals, free meals, airline upgrades, etc.
- It is not permissible for any field personnel to accept a gift of anything, even of minor value. Within the business culture of some companies, it is customary to give visitors small promotional items containing the company name or logo (i.e. pens, mugs, calendars, etc). These items are intended for visitors. Field personnel providing a service at the factory are not visitors and shall not accept promotional items or gifts, even of minor value.

Your cooperation in observing our company policy is highly appreciated. By your signature below, you confirm that you have read, understood and agreed to comply, without exception.

For all inquiries pertaining to the Statement of Integrity, please do not hesitate to email [ethics@strrs.com](mailto:ethics@strrs.com)

**Acknowledgement from Factory:**

Name of Management Representative in Block Letters : MD. RAFIQUUL ISLAM

Signature of Management Representative :

Date Signed :

03/12/2011



**Acknowledgement from STR RS Staff:**

We, (\*\*) the supervisors / auditors, have read and understood the above policy required by our company, STR RS, before the requested job is carried out by us.

Staff Name : Z. Nabi

Staff # : 14

Date Signed : Dec 03, 2011

Staff Name : A. Hossen

Staff # : 14

Date Signed : Dec 03, 2011

S. Amin

14

Dec 05, 2011



# ETHICAL STANDARDS

100 Southview 8th Street Benton, IL 61710-0830 [ethicalstds@wal-mart.com](mailto:ethicalstds@wal-mart.com)

## Factory Audit Opening Letter

Date: December 03, 2011 (Date of Scheduled Audit)

Attention: \_\_\_\_\_ (Factory Management)

Subject: **Ethical Standards Compliance Audit/ Gifts and Gratuities  
Policy/ Ownership of Audit Documents**

Please accept this Factory Audit Opening Letter ("Letter") as a notice and your acceptance regarding the following matters: (i) the authority of the audit firm listed below (the "Approved Audit Firm") to conduct the audit; (ii) Wal-Mart's ownership interest in any documents prepared in connection with the audit; and (iii) Wal-Mart's policy regarding gifts and gratuities.

### I. APPROVED AUDIT FIRM

Wal-Mart Stores, Inc. ("Wal-Mart") hereby informs you as the factory management that the Approved Audit Firm listed below is authorized by Wal-Mart to conduct a compliance audit regarding your compliance with Wal-Mart Standards for Suppliers.

Audit Firm:

Factory Name:

Supplier Requesting Audit:

Date of Audit:

STR - Responsible Sourcing

Tazreen Fashions Limited

CTD Apparel Inc

December 03, 2011

The above referenced Wal-Mart supplier has agreed to the Approved Audit Firm performing unannounced audits of its Suppliers, Factories, Manufacturers, Vendors, and/ or Subcontractors on its behalf. If an auditor from an Approved Audit Firm is denied access to any factory, dormitory, employee for confidential interviews, or relevant documentation, which includes, but is not limited to, payroll documents, time cards, personnel files, contracts, etc., during the inspection, the consequences (the "Consequences") will be severe.

The Consequences include, but are not limited to, the following:

- All Purchase Orders (POs) will be canceled,
- Future orders will not be placed until the factory is audited for compliance pursuant to Wal-Mart's Ethical Standards,
- No shipment will be allowed, and
- All production not shipped will be cancelled.

### II. AUDIT DOCUMENTS

Following completion of the audit, you will receive a copy of the "On-Site Report", in the form attached hereto as "Exhibit F", summarizing the finding of the audit. However, Wal-Mart is the owner of any documents, reports, audit results and similar items compiled or prepared in connection with the factory audit.

### III. GIFTS AND GRATUITIES POLICY

Additionally, we would like to remind you about Wal-Mart's policy regarding "Gifts and Gratuities". All associates (employees) of Wal-Mart, including auditors/inspectors working on behalf of Wal-Mart, fully understand the Company policy and would appreciate your compliance to avoid any misunderstanding.

*"Wal-Mart Stores, Inc. has a very strict policy which forbids and prohibits the solicitation, offering or acceptance of any gifts, gratuities or any form of "pay off" or facilitation fee as a*

# ETHICAL STANDARDS

700 Southwest 8th Street Bentonville, AR 72716-0830 [ethicalstnds@wal-mart.com](mailto:ethicalstnds@wal-mart.com)

*condition for doing business with Wal-Mart; as a form of gratitude, or as an attempt to gain favor or accept merchandise or services at a lesser degree than what was agreed.*

*Any supplier, factory or manufacturer who violates such policy will be subject to all loss of existing and future business, regardless of whether the gift or gratuity was accepted.*

*Wal-Mart defines gifts and gratuities to include: tickets to entertainment events, kickbacks in the form of money or merchandise, special discounts, discontinued or no-longer used samples, vendor paid hotel charges or trips, gifts, etc. Meals are also considered a gratuity. When dining together, the supplier and Wal-Mart associate(s) must pay for their own meals."*

As we respect our practices as part of our Wal-Mart culture, we ask you to understand that we cannot allow any practice that might undermine Wal-Mart's commitment to integrity.

We thank you in advance for your cooperation and support in these matters. Any questions or concerns should be directed to your Supplier / Buying Agent or you may send an email to: [ethicalstnds@wal-mart.com](mailto:ethicalstnds@wal-mart.com)

Please indicate your agreement with the foregoing by signing this Letter in the space provided below.

Very truly yours,



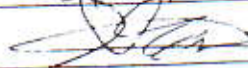
Rajan Kamalanathan  
Vice President of Ethical Standards  
Global Procurement  
Wal-Mart Stores, Inc.  
Bentonville, AR 72716  
U.S.A.

I acknowledge and agree to the terms and conditions of the foregoing Letter and agree to abide by Wal-Mart's "Gifts & Gratuities Policy".

Date:

03/12/11

Signature and Company Stamp:



Factory Name:

Tazeeh Fashions Limited

Name of Factory Representative:

Md. Rafiqul Islam

Position:

General Manager (HR, Admin & compliance)

(Note to Auditor: Leave a full copy of the signed letter with the factory.)




# EXHIBIT "F" – ETHICAL STANDARDS ONSITE AUDIT REPORT

## ETHICAL STANDARDS

Request Number: 1615243		Audit Firm: STRRS		Fty. Business License#: 1444/Dhaka	
Supplier ID: 30300913		Fty. ID: 36115302		Fty. Name in English: TAZREEN FASHIONS LIMITED	
Supplier Name in English: NTD APPAREL INC.		Fty. Local Language Name: TAZREEN FASHIONS LIMITED		Fty. Local Language Address: Plot# 252, MONOSONTOSPUR, NISCHINTOPUR, ASHULIA, SAVAR, DHAKA, Bangladesh	
Supplier Name in Local Language: NTD APPAREL INC.		Fty. Email: rafique@tubegroupbd.com		Fty. Tel: 88-02-8860023, 9889116	
Supplier Email: lillyd@ntdapparel.com; anneb@ntdapparel.com		Fty. Fax: 88-02-8860025			
Supplier Tel:					
Supplier Fax:					

Audit Type	Request #	Audit Date (m/d/y)	Time-in	Time-out	Auditors	Factory Representative		Signature of Factory Rep
						Name	Title	
Orange Follow up	1615243	December 03, 2011	08.50 am	03.00 pm	Zahidun Nabi, Alamgir Hossen	Md. Shahjahan	Executive Director	

Notes: "Factory Management fully understands English and translation was not required."

Off-Site Warehouse: No

If yes, please describe: N/A

Verified, signed & chopped by supplier / factory representative: <b>Md. Shahjahan</b> Executive Director 	Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen Auditor's Signature:  
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# EXHIBIT "F" – ETHICAL STANDARDS ONSITE AUDIT REPORT

## ETHICAL STANDARDS

ES team will notify supplier / the factory audit result. Factory management should check the audit result with its WM supplier.

1. The following condition(s) will put a factory at Disapproved status with:
  - NO shipment allowed
  - All orders cancelled
  - The factory is not allowed to receive new orders for at least one year:
    - Total 3 Orange assessments accumulated in the past two years.
  - Disapproved factory is allowed to reactivate after the one year probation period with an acceptable audit result of a Yellow or Green audit assessment.
2. The following condition(s) will put a factory at "Access Denied" status with:
  - NO shipment allowed
  - All orders cancelled
  - Access Denied to full or part of factory and/or dormitory and/or interviews and/or document. Please note the areas for audit is based on the factory business license...
3. A Red Failed assessment will result in the factory being banned and will never be used by any supplier for Wal-Mart production. A Red Failed assessment will result in supplier getting a strike.

This report is used to summarize the audit findings and recommendations that both the auditor and the supplier/factory representative(s) agreed upon to ensure conformity with the respective country laws & Wal-Mart requirements. During the closing meeting, Wal-Mart auditor will explain the findings and it is supplier/factory representatives' responsibility to provide evidence or comments on the report if there is any discrepancies arise. Both parties must sign the report after the closing meeting. The supplier / factory will be given a copy of this report after the audit.

### Supplier / Factory Management Representative Commitment

I, Md. Shahjahan EXECUTIVE DIRECTOR thereby agree to the above audit findings and is committed to take the necessary action(s) to improve on the violations. Failing which will result in repeated violations noted in the next On-Site Report thus aggravates the next assessment result.

Verified, signed & chopped by supplier / factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature



# EXHIBIT "F" ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS

### COMPLIANCE OF WAGE

#### 7) UNCLEAR WAGE SYSTEMS

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Violation of Wal-Mart standards for suppliers.

The status of Compliance of Wage could not be verified due to the following reasons:

- According to the cutting register, the facility was open on August 19 (Friday), 2011 which was weekly off day of the facility, however this weekly holiday work was not reflected on the manual time card of any sample employee.
- According to the sewing input register and sample register, the facility was open on October 28 (Friday), 2011 which was weekly off day of the facility, however this weekly holiday work was not reflected on the manual time card of any sample employee.
- Manually marked time cards (20 out of 20) maintained and signed by the time keeper show flat in and out time (Such as 8:00 as in and 5:00 as out every day instead of the exact in and out time).

The facility management was advised to maintain consistency between all records and all working hours shall be compensated as per the applicable laws. Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We will implement the automation within January 2012 & stated that the date was set mistakenly and will introduce electronic time keeping system after one year.

### BENEFITS

1) INSUFFICIENT PROVISION OF WORKER LEAVE: MATERNITY LEAVE / PATERNITY LEAVE, ANNUAL LEAVE, PAID SICK LEAVE, MARRIAGE LEAVE, BEREAVEMENT LEAVE, STATUTORY HOLIDAY, ETC.

ANSWER: Yes

COMMENTS:

1. Current audit Date: December 03, 2011.

Bangladesh Labor Code 2006, Section 234 -242

Through management interview it is noted that the facility does not have any Workers' Participation Fund and Workers' Welfare Fund. The issue was also reported in previous report and still pending till the date.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:





# EXHIBIT "F" – ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS

The facility was advised to form a workers participation fund and worker's welfare fund.

Management: Md. Shahjahan EXECUTIVE DIRECTOR :After July 2012, we will implement the fund- Md. Rafiqul Islam (General Manager)

2. Current audit Date: December 03, 2011.

Factories Rules (1979) Rule 58.

The facility has currently 32 seating capacity at a time in the dining room which is not sufficient to accommodate 30% of total employee. The issue was mentioned in previous report and not corrected yet.

The management was advised to accommodate at least 30% at a time.

Management comment: Md. Shahjahan EXECUTIVE DIRECTOR :The dining is under construction, within 15, January 2012 the dining will be ok.

3. Current audit Date: December 03, 2011.

Bangladesh Labor code 2006 section 92

The facility does not have any canteen for the employees currently.

The management was advised to provide canteen facility for the employee where employee can buy snacks during the working hours.

Management comment: Md. Shahjahan EXECUTIVE DIRECTOR :The dining & Canteen is under construction, within 15, January 2012 the dining will be ok.

4. Current Audit Date: December 03, 2011.

Violation of Bangladesh labor Code 2006, Section 11.

Through review the earn leave payment papers and management interview it was noted the facility management did not provide earn leave benefit to the one resign employee out of 5 sample employees. The facility management was advised to provide earn leave benefit to the all resign employees.

Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and will look correct it from next.

5. Current Audit Date: December 03, 2011.

Violation of Bangladesh labor Code 2006, Section 119(1).

Through review the earn leave payment papers and management interview it was noted that facility management calculates earn leave benefit in the following way: Earn leave benefit = Gross salary / 26 X Earn leave days.

It was suggested that for calculating the benefit of leave facility management should consider the days and earned wages on which he worked and earned during the month immediately preceding his/her leave but excluding any overtime allowance and bonus.

Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and will correct it from next

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature



# EXHIBIT "F" ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS



### LABOR HOURS

#### 4) INCOMPLETE AND INCONSISTENT TIME SYSTEM

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

Violation of Wal-Mart standards for suppliers.

The status of labor hours could not be verified due to the following reasons:

- According to the cutting register, the facility was open on August 17 (Friday), 2011 which was weekly off day of the facility, however this weekly holiday work was not reflected on the manual time card of any sample employee.
- According to the sewing input register and sample register, the facility was open on October 28 (Friday), 2011 which was weekly off day of the facility, however this weekly holiday work was not reflected on the manual time card of any sample employee.
- Manual marked time cards (20 out of 20) maintained and signed by the time keeper show flat in and out time (Such as 8:00 as in and 5:00 as out every day) instead of the exact in and out time.

The facility management was advised to maintain consistency between all records and all working hours shall be compensated as per the applicable laws. Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We will implement the automation within January 2012 & stated that the date was input mistakenly and will introduce electronic time keeping system after one year.

### EMPLOYMENT PRACTICES

#### 2) INCOMPLETE DOCUMENTATION TO REFLECT HIRING PROCESS

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Bangladesh Labour Code (2006), Sec.5 & 6

During the employee interview 14 out of 20 employees were observed having any identity cards provided by the facility management. Moreover 7 out of 20 interviewed employees reported to have not received a copy of the contract letter.

The management was advised to ensure all employees are having an identity card & copy of appointment letter during the working hour.

Management comment: Md. Shshjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct the issue.

Verified, signed & chopped by supplier /factory representative: **Md. Shahjahan**  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" – ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS



### FIRE SAFETY MANAGEMENT

#### 3) INACCESSIBLE/INSUFFICIENT FIRE FIGHTING EQUIPMENT

ANSWER: Yes

COMMENTS:

1. Current audit date: December 03, 2011..

Factories Rules (1979), Rule 52(7)

During the walk through it was observed that approximately 6 fire extinguishers were not mounted in the different floors in the factory.

The management was advised to ensure all fire extinguishers in an appropriate height as per law.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct the issue by this month.

2. Current audit date: December 03, 2011

Wal-Mart Standards for Suppliers.

During the current audit it is observed that the facility has currently 27 ABC & 19 CO2 type of fire extinguishers which does not full filled the required 44 ABC & 22 CO2 type of extinguished as per previous report. However the facility provides a document to buy or requisition for another 33 ABC & 10 CO2 extinguisher on 16-Nov-11.

Management comment: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct the.

#### 4) INADEQUATE EVACUATION PLAN / EXIT SIGN (LANGUAGE, POSTER, LIT, ETC)

ANSWER: No

COMMENTS:

1. Current Audit Date: December 03, 2011

Bangladesh Labour Code (2006), Sec.62 (1)

During facility walkthrough it was observed that the exit door was opened inward in the following sections-

a. 1 out of 1 exit door of accessories store on the ground floor.

b. 1 out of 1 exit door of bonded ware house.

c. 1 final exit out of 2 exit doors on the ground floor.

The facility management was advised to provide out wards opening exit door in the respective sections.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



EXHIBIT "F" ETHICAL STANDARDS ON-SITE AUDIT REPORT  
ETHICAL STANDARDS

Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

2. Current Audit Date: December 03, 2011.

Bangladesh Labour Code (2006) Sec.62 (4).

During facility walkthrough it was observed that exits of following areas were not marked –

a. 1 out of 1 exit door of accessories store on the ground floor. 2. Area of dining hall.

b. 2 out of 2 exit door in the packing section of 3<sup>rd</sup> floor; 5 employees found working there.

The facility management was advised that the all exits shall be marked in local language.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

3. Current audit Date: December 03, 2011.

Wal-Mart standard for suppliers.

During facility walkthrough it was observed that the facility had IPS operated emergency light work floor and staircases as individual battery operated emergency light observed in the staircases. However did not has any individual battery operated emergency light in the work floor.

The facility management was advised to provide sufficient individual battery operated emergency light shall be provided to ensure emergency evacuation.

Facility management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will correct it soon.

**6) PARTIALLY BLOCKED EXIT, ROUTES, STAIRWELLS, ETC.**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Bangladesh Labor Code 2006 Section 62 (6)

During the walk through it was observed that one wall side aisle of sewing section in the 2<sup>nd</sup> floor was not marked and partially blocked due to machine set up. Approximately 20 employees were working in there partially blocked area.

The management was advised to ensure all the employees are working in a area where they can evacuate easily in any emergency.

Management comments: Md. Shshjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately mark arrow there.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



ETHICAL STANDARDSPPE / CHEMICAL SAFETY

## 2) NO MSDS / HAZARD SIGN / PROPER LABELING / INVENTORY

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Violation of Wal-Mart standard for suppliers

During walk through it was observed that fuel drums were kept near to the generator room without any labeling and MSDS. Further the facility does not maintain any MSDS for the spot removing chemicals.

The management was advised that the facility shall label all fuel / chemical containers and maintain MSDS for them.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

## 4) NO TRAINING FOR PPE / INAPPROPRIATE TYPE OF PPE / WORKERS NOT WEARING PPE APPROPRIATELY

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011

Wal-Mart standard for suppliers

Through plant tour it was noted approximately 90% employees are working on bare footed in the production floor as well as in the toilet area. In addition, approximately 60% over lock operators were not using face masks.

It is advised that the facility shall provide appropriate PPE to concern employees and ensure use of the same.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will try to correct it immediately.

SANITATION

## 2) INCONVENIENT ACCESSIBILITY OF WATER SUPPLY

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Bangladesh Labour Code (2006), Sec.58(1-2)

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



## EXHIBIT "F" - ETHICAL STANDARDS ONSITE AUDIT REPORT

### ETHICAL STANDARDS

During the walk through it was observed that drinking water location was not marked in the 2nd floor.

It is suggested that the facility shall mark the drinking water location as "Pure drinking water" in local language.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

### 3) FACILITIES CONDITION NOT CLEAN (RESTROOM, CANTEEN, FOOD PREPARATION AREA, DORMITORY, ETC.)

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Factories Rules (1979) Rule 54 (1).

During facility walkthrough it was observed that no soap was provided in the randomly checked rest room areas.

The management was advised to provide soap in the rest room areas.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

### WORK AREA DESIGN & MAINTENANCE

#### 1) WORKING AREAS PRESENT SAFETY HAZARD (FALL, HOLE, ETC).

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

Factories Rules 1979, Rule: 43.

During facility walkthrough it was observed that fabrics in the ground floor and finished goods in the 5th floor were stacked in an excessive height (more than 6 feet).

The management was advised that the facility shall reduce the height of stack of goods so that it does not cause any bodily injury.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

### EQUIPMENT SAFETY

#### 1) NO SAFETY GUARD

Verified, signed & chopped by supplier / factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS

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ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Bangladesh labor code 2006 section 63.

During the walk through it was noted that following machine guards were missing – Eye protection guard to 100% bar tack, button hole, button stitch machine and snap button machine. Missing needle guard of 100% of observed sewing machines. Missing lower pulley cover to 40% of observed sewing machine. It was also observed that steam pipes of the ironing section were not covered.

The management is advised to provide necessary safety guards for respective machines and shall insulate the steam pipes in the ironing section.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we will immediately correct it by January 2012.

### RIGHT OF INSPECTION

5) PART OF RELEVANT INFORMATION NOT AVAILABLE / MISSING

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Bangladesh Boiler Act 1923, Sec 6.

During the documents review it was observed that the facility has a boiler (Reg. No.5958) which is valid up to 15-Sep-2010. The facility has not update the license.

The management was advised to renew the license as per Bangladesh law.

Management comment: Md. Shahjahan EXECUTIVE DIRECTOR: We agreed with this recommendation and we collect the renewed license soon.

### ENVIRONMENT - WASTE MANAGEMENT

5) WASTE CONTAINERS NOT IDENTIFIED / LABELED BY TYPE AND HAZARD

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Wal-Mart standards for suppliers.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



EXHIBIT "F" ETHICAL STANDARDS ON SITE AUDIT REPORT  
ETHICAL STANDARDS

It was noted during the factory tour that the fabric cut waste, plastic bags, bottles, cartons, and plastic waste and paper were not segregated properly and were mixed in the disposing containers. Moreover the wastages were not identified as per type or hazards. The same issue was also reported previously and not full filled yet.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

**7) IMPROPER DISPOSAL OF HAZARDOUS OR GENERAL WASTE AS PER APPLICABLE LEGAL / PERMIT REQUIREMENTS**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Wal-Mart Standards for Suppliers.

During this audit, discussion with management, it was noted that the facility has agreement with some trader but did not have any trade license of those traders. The factory management hand-over those wastage to them but still they do not know the final disposal of those wastage. The management has not full filled the above concerns reported in previous cap and still pending.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

**ENVIRONMENT – WASTEWATER & EFFLUENTS MANAGEMENT**

**4) DRAINAGE SYSTEM: (E.G. NO CLEAR LAYOUT, NO SEPARATION AMONG RAINWATER AND WASTEWATER, ETC..)**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Wal-Mart Standards for Suppliers.

Through management interview and walk through it is noted that the factory management did not have any drainage system for separation among rain water and waste water. The issue was reported previously and management has not taken any initiative to solve the problem for rain water and waste water drainage lay out.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan

Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:

Onsite Audit Report



# EXHIBIT "F" – ETHICAL STANDARDS ON-SITE AUDIT REPORT

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## ETHICAL STANDARDS



### ENVIRONMENT - AIR EMISSIONS MANAGEMENT

#### 3) AIR EMISSION MONITORING NOT CONDUCTED (AS PER APPLICABLE LEGAL / PERMIT REQUIREMENTS)

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Wal-Mart Standards for Suppliers.

Through documents review and management interview it was noted that air emission monitoring not conducted. The issue was also reported previously and not corrected yet. The management stated that they took initiative to correct the issue.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

#### 6) AIR EMISSION CONTROL EQUIPMENT NOT MAINTAINED PROPERLY

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

This is in violation of Wal-Mart requirements.

Through management interview it is noted that there are no air emission control equipments. The issue was also reported previously and not corrected yet. The facility was advised to install and maintain air emission control equipments properly.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

#### 7) AIR EMISSIONS SOURCE INVENTORY: (E.G. INVENTORY NOT IN PLACE OR NOT COMPLETED TO COVER ALL THE EMISSIONS POINTS, ETC...)

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

This is in violation of Wal-Mart requirements.

Verified, signed & chopped by supplier /factory representative: **Md. Shahjahan**  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" – ETHICAL STANDARDS ON-SITE AUDIT REPORT

15

## ETHICAL STANDARDS



Through management interview it is noted that facility does not have records of air emission points, specifying the types and amount of pollutants emitted and process which produces the pollutants, the control measures adopted, etc. The issue was also reported previously and not fulfilled.

The facility was advised to have detail records of air emission points.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

**8) ODS (OZONE DEPLETING SUBSTANCES) INVENTORY: (E.G. INVENTORY NOT IN PLACE OR NOT COMPLETED TO COVER ALL THE SUBSTANCES/EQUIPMENTS, ETC...)**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Wal-Mart standards for Suppliers.

Through management interview it was noted that there is no inventory record of ozone depleting substance although facility use air conditioner and foam type of fire extinguisher.

Facility management shall have the inventory record of ozone depleting substance.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

## ENVIRONMENT - WATER MANAGEMENT

**1) NO APPROPRIATE PERMITS FOR WATER USE/EXTRACTION (AS PER APPLICABLE LEGAL REQUIREMENTS)**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Wal-Mart Standards for Suppliers.

Through plant tour & management interview it was noted that the facility management does not have the permits for water extraction. The issue was also reported previously and they have not obtained any permission documents for water extraction.

Management was advised to obtain permission from the authority.

Verified, signed & chopped by supplier /factory representative: **Md. Shahjahan**  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" – ETHICAL STANDARDS ONSITE AUDIT REPORT

14

## ETHICAL STANDARDS

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

2) INVENTORY OF WATER USE AND CONSUMPTION NOT MONITORED AND DOCUMENTED: (E.G. WATER METERS NOT INSTALLED OR OUT OF ORDER, WATER DATA NOT COLLECTED, ETC.)

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

This is in violation of Wal-Mart requirements.

Through management interview it is noted that water use and consumption are not monitored and documented.

The facility was advised to monitor inventory of water use and consumption.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

### ENVIRONMENT - ENERGY USE AND GHG (GREENHOUSE GAS) MANAGEMENT

1) MONITORING OF ENERGY CONSUMPTION, INCLUDING FUEL USE FOR TRANSPORTATION INSIDE FACTORY: (E.G. ENERGY METERS NOT INSTALLED OR OUT OF ORDER, ENERGY DATA NOT COLLECTED, NO INVENTORY OF ENERGY USE, ETC...)

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

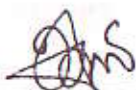
This is in violation of Wal-Mart requirements.

Through management interview it is noted that there is no proper monitoring of energy consumption (e.g. like including fuel use or transportation). The same issue was also reported as per previous report and not correct yet.

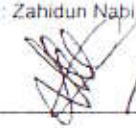
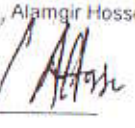
Facility management should monitor properly energy consumption including fuel.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:  



# EXHIBIT "F" - ETHICAL STANDARDS ON-SITE AUDIT REPORT

15

## ETHICAL STANDARDS

### 2) EMISSIONS INVENTORY (DIRECT AND INDIRECT/RELATED TO ENERGY CONSUMPTION) NOT MONITORED AND DOCUMENTED

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

This is in violation of Wal-Mart requirements.

Through management interview it is noted that emissions (e.g. CO<sub>2</sub>) are not monitored and documented.

The facility was advised to monitor emission and maintain documents in this regard.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

### ENVIRONMENT - LAND USE & BIODIVERSITY

#### 1) ENVIRONMENTAL IMPACT ASSESSMENT NOT CONDUCTED AND/OR NOT APPROVED BY RELEVANT PUBLIC AUTHORITY (AS PER APPLICABLE LEGAL REQUIREMENTS)

ANSWER: Yes

COMMENTS:

Current Audit Date: December 03, 2011.

Bangladesh Environment Conservation Act 1995, Sec.12, Environment Conservation Rules 1997, Rule 8.

Through management interview it is noted that facility management does not assess environmental impact. The same issue was also reported previously.

The facility was advised to assess environmental impact.

Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart

### ENVIRONMENT - MANAGEMENT SYSTEM

#### 1) NO FORMAL/WRITTEN ENVIRONMENTAL POLICY

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" - ETHICAL STANDARDS ONSITE AUDIT REPORT

15

## ETHICAL STANDARDS



This is not in compliance as per Wal-Mart Standards.

Through document review it is noted that the facility does not have written environment policy.

It was suggested that specific environmental policy should be formulated for a factory. The policy should address the environmental management system of the factory, potential environmental impacts associated with the factory, appropriate measures in minimizing the environmental impacts, contingency plan, requirement in environmental personnel/committee, internal environmental audits, etc. However the provided policy was observed not sufficient to cover all the section recommended by the Wal-Mart.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

### 2) NO ENVIRONMENTAL LEGAL REGISTER IN PLACE AND REGULARLY UPDATED

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

This is not in compliance as per Wal-Mart Standards.

Through document review it is noted that the facility does not have any environmental legal register in place.

It was suggested that the facility management shall maintain the environmental legal register.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

### 3) NO TRAINED MEMBER OF MANAGEMENT RESPONSIBLE FOR COORDINATION OF ENVIRONMENTAL MANAGEMENT ACTIVITIES

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

Wal-Mart Standards for suppliers.

Through document review and management interview it is noted that there is no trained member of management responsible for coordination of environmental management activities.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature



# EXHIBIT "1" ETHICAL STANDARDS ON-SITE AUDIT REPORT

## ETHICAL STANDARDS

It was suggested that the facility management shall have a trained member of management responsible for coordination of environmental management activities.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

**4) INADEQUATE ENVIRONMENTAL EMERGENCY PROTOCOL: (E.G. NO EMERGENCY PLAN, EMERGENCY TEAM NOT TRAINED IN ENVIRONMENTAL EMERGENCIES, REGULAR DRILLS NOT CONDUCTED, ETC.)**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

This is not in compliance as per Wal-Mart Standards.

Through document review it is noted that the facility does not have environmental emergency protocol (e.g. no emergency plan, emergency team not trained in environmental emergencies, regular drills not conducted, etc.). The issue was also report previously and also reported previously.

It was suggested that the facility management shall have adequate environmental emergency protocol.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

**5) INADEQUATE ENVIRONMENTAL TRAINING PROGRAMS: (E.G. NO OR IMPROPER TRAINING FOR WORKERS DEDICATED TO: HANDLING OR TRANSPORTING WASTE, MAINTAINING WASTEWATER TREATMENT SYSTEM, ETC...)**

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011..

This is not in compliance as per Wal-Mart Standards.

Through document review it is noted that the facility does not have adequate environmental training programs: (e.g. no or improper training for workers Dedicated to handling or transporting waste, maintaining wastewater treatment system, etc...)

It was suggested that the facility management shall have necessary environmental training programs.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

Verified, signed & chopped by supplier /factory representative: **Md. Shahjahan**  
Executive Director

Auditor's Name(Print): Zahidun Nabi, Alamgir Hossen

Auditor's Signature:



# EXHIBIT "F" ETHICAL STANDARDS ON SITE AUDIT REPORT

## ETHICAL STANDARDS

### ENVIRONMENT - NOISE POLLUTION (EXTERNAL)

#### 2) NO NOISE POLLUTION MONITORING CONDUCTED AS PER APPLICABLE LEGAL/PERMIT REQUIREMENTS

ANSWER: Yes

COMMENTS:

Current audit date: December 03, 2011.

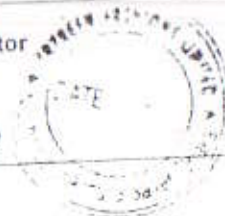
This is in violation of Wal-Mart requirements.

Through management interview it is noted that the facility management does not assess/monitor noise pollution which reported previously. Please note that the facility was established in 2010 but never assess noise pollution.

The facility was advised to assess noise pollution.

The Management comments: Md. Shahjahan EXECUTIVE DIRECTOR : We agreed and within January 2012 we will start working with environmental requirement of Wal-Mart.

Verified, signed & chopped by supplier /factory representative: Md. Shahjahan  
Executive Director



Auditor's Name(Print): Zahidul Nabi, Alamgir Hossen

Auditor's Signature

